there are significant differences in CLEC versus ILEC performance on particular performance measurements. Second, statistical analysis should be used to determine whether an ILEC's performance, in the aggregate, provides CLECs with nondiscriminatory treatment. CLECs generally support this view.[33]

The ILECs also generally agree with AT&T. For example, SBC (p. 24) correctly states that "a uniform evaluation process that relies on objective criteria" would allow "CLECs and state and federal regulatory bodies to make comparisons across regions. This would provide consistency of treatment among CLECs." SBC (id.) also acknowledges that such an approach would reduce its burden, because it "would only have to program one set of formulas for the performance measurements" which then would be used throughout its multi-state region. GTE (p. ii) echoes this view, stating that "[u]niformity will assist ILECs by allowing them to develop consistent measurement and reporting systems and software for all of their systems throughout the country, while CLECs will benefit by receiving comparable information on different ILECs' performance."

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[33] E.g., Alliance, p. 7 ("statistical analysis is an essential tool in determining whether or not an ILEC is meeting its obligation"); MCI, p. 34; Sprint, p. 6; TRA, p. 18.

Other ILECs also favor the use of statistical analysis on the results of individual performance measurements.[34] In the New York collaborative proceeding, Bell Atlantic submitted a white paper that proposed a test statistic that is almost the same as the one AT&T proposes here.[35] Moreover, Ameritech (p. 95) supports the use of a one-tailed z statistic. For the reasons AT&T (pp. 51-54) discussed, this is much more appropriate than the two-tailed test suggested by SBC (p. 25) and US WEST (p. 35). Ameritech (id.) also suggests that the Commission adopt a 5% Type I error rate, which recognizes that the 1% Type I error rate suggested by U S WEST (p. 35) is much too extreme in these circumstances.[36]

Ameritech (pp. 93-97) also generally agrees with AT&T's current proposal to determine overall compliance, both in terms of the use of a 95 percent confidence limit and the tracking of repeated failures of parity on individual measurements. Contrary to Ameritech's (p. 95) view, however, if an ILEC fails a statistical test at the established error rate, that is reliable evidence that the

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[34] See Ameritech, p. 89; U S WEST, p. 25; Bell Atlantic, p. 11.

[35] Interim Guidelines, App. C.

[36] See also AT&T, p. 54.

ILEC's performance was not at parity. There should be no need for further analysis.

Finally, contrary to SBC's (pp. 28-30) assertions, AT&T's earlier proposal on overall compliance did not deal with enforcement or penalties. Rather, AT&T's proposal, as subsequently modified in its comments here, shows how to use statistical analysis to make a determination of whether or not the ILEC is meeting its statutory nondiscrimination obligation. Further, SBC and other ILECs only focus on the type of statistical error (i.e., Type I error) which could disadvantage them. They ignore completely the effects of Type II error, which results in harm to CLECs because of actual discrimination that goes undetected. AT&T has proposed a methodology that strikes a reasonable balance between these two types of statistical error.

Indeed, TCG (p. 21, and Attachment 1) emphasizes the importance of balancing risk in the detection of discrimination. Because the probability of Type II error increases as the probability of Type I error decreases, use of a 5% Type I error threshold for statistical testing may implicitly allow a Type II error of a much larger magnitude. Protecting the competitive marketplace from undetected ILEC discrimination should at least have equal importance to protecting ILECs against false alarms. Therefore, AT&T recommends that the Commission acknowledge that balancing

Type I and Type II risk is an important consideration when comparing performance results and set an approximate 5% error rate as the interim level for setting the critical value on individual measurement tests.[37] The Commission should also recognize, however, that if a more accurate mechanism for balancing Type I and Type II risk can be developed, its use should be considered for comparing the results of individual performance measurements. Such balancing would be particularly important if statistical methodologies are used in connection with enforcement proceedings.

## VI. Reporting

AT&T (pp. 59-64) provided a comprehensive proposal regarding the type of reports that ILECs should be required to provide on their performance. Other CLECs essentially concur with AT&T's that reports should provide data on ILECs and their affiliates, CLECs individually and CLECs individually;[38] that reports should be monthly;[39] and that

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[37] Under AT&T's proposal, the individual test Type I error is determined from the aggregate Type I error. As AT&T showed, setting the aggregate Type I error at 5% results in a slightly lower Type I error for the individual comparisons.

[38] KMC/RCN, p. 3; LCI, p. 9; Sprint, p. 7.

[39] Allegiance, p. 9; GST, pp. 9-10; LCI, p. 10.

such reports could be used to determine compliance with the statutory nondiscrimination standard.[40]

Ameritech (p. 19) agrees with AT&T and the Commission (¶ 39) that ILECs should be required to provide reports regarding their own retail performance, as well as their performance for CLECs, both individually and in the aggregate. Ameritech (pp. 19-20) claims, however, that ILECs should not have to provide data on their performance for affiliates that provide local services "in a specialized sense," and U S WEST (p. 27) states that ILECs should not have to report on performance for affiliates that provide local services. However, the quintessential test of whether an ILEC is providing nondiscriminatory service is whether it is favoring its own retail operations compared to those of its competitors. The proposed exclusions would enable the ILEC to avoid reporting on its performance for its own affiliates. Thus, the proposed exceptions should not be permitted.

SBC (p. 23) agrees with AT&T (p. 60) that reports should be provided monthly. In contrast, Ameritech (p. 85) and U S WEST (p. 33) suggest that reports should only be required on a quarterly basis. That is clearly insufficient. With quarterly reporting, discrimination

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[40] GST, p. 10; MCI, p. 30.

could be ongoing for four or more months before it is even reported, much less addressed by carriers or regulators.[41] Moreover, quarterly reporting could permit ILECs to aggregate data over a longer period in a way that, through averaging, could mask discrimination over significant periods.

In all events, the statistical methodology that AT&T and others (including Ameritech) proposes will prevent isolated instances from being "blown out of proportion."[42] Moreover, Ameritech (p. 85) admits that "[t]he frequency of reporting does not really affect cost . . . because data must be gathered on an on-going basis whether or not it is reported monthly or quarterly."

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[41] The natural lag time between ILEC activity and reporting means that reports of ILEC January activity would not be available until late April or May.

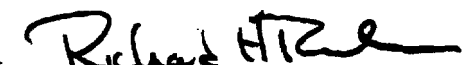
[42] See Ameritech, p. 85.

## Conclusion

For the reasons above and in AT&T's comments, the Commission should adopt binding national rules for performance measurements and reporting consistent with AT&T's comments.

Respectfully submitted

AT&T CORP.

By 

Mark C. Rosenblum
Leonard J. Cali
Richard H. Rubin

Its Attorneys

Room 3252I3
295 North Maple Avenue
Basking Ridge, NJ 07920
(908) 221-4481

July 6, 1998

Attachment 1

| Measurement Area | BellSouth | SBC | Ameritech | Bell Atlantic |
|---|---|---|---|---|
| **Pre-ordering** | | | | |
| Average [Query] Response Time (¶43) | **Modifies** | **Supports** | **Supports** | **Supports** |
| **Provisioning** | | | | |
| Average Completion Interval (¶53) | **Supports** | **Supports** | **Supports** | **Supports** |
| Percentage Due Dates Missed (¶54) | **Supports** | **Supports** | **Supports** | **Supports** |
| **Coordinated Customer Conversions** | | | | |
| Average Coordinated Customer Conversion Interval (¶57) | **Opposes** | **Opposes** | **Opposes** | **Opposes** |
| **Order Status Measurements** | | | | |
| Average Reject Notice Interval (¶60) | | **Supports** | **Supports** | **Supports** |
| Average FOC Notice Interval (¶61) | | **Supports** | **Supports** | **Supports** |
| Average Jeopardy Interval (¶62) | **Opposes** | **Opposes** | **Opposes** | **Opposes** |
| Percentage Orders Given Jeopardy Notices (¶63) | **Opposes** | **Opposes** | **Opposes** | **Opposes** |
| Average Completion Notice Interval (¶64) | **Modifies** | **Supports** | **Supports** | **Supports** |
| **Held Order Interval** | | | | |
| Average Interval for Held Orders (¶66) | **Supports** | **Modifies** | **Modifies** | **Supports** |
| **Installation Troubles** | | | | |
| Percentage of Troubles in 30 Days for New Orders (¶68) | **Supports** | **Supports** | **Supports** | **Supports** |
| **Ordering Quality Measurements** | | | | |
| Percent of Order Flow Through (¶72) | **Supports** | **Supports** | **Supports** | **Supports** |
| Orders Rejected (¶75) | **Supports** | **Supports** | **Supports** | **Supports** |
| Average Submissions per Order (¶76) | **Opposes** | **Opposes** | **Opposes** | **Opposes** |
| **911 Database Updates and Accuracy** | | | | |
| Percentage of Accurate Database Updates (¶78) | **Supports** | **Opposes** | **Opposes** | **Opposes** |
| % Missed Due Dates (or Avg. Interval to Update) (¶79) | **Supports** | **Opposes** | **Supports** | **Opposes** |
| **Repair & Maintenance** | | | | |
| Average Time to Restore (¶82) | **Supports** | **Supports** | **Modifies** | **Supports** |
| Frequency of Troubles in a 30-Day Period (¶84) | **Supports** | **Supports** | **Modifies** | **Supports** |
| Frequency of repeat Troubles in 30-Day Period (¶84) | **Supports** | **Supports** | **Modifies** | **Supports** |
| % of Customer Troubles Resolved Within Estimate (¶85) | **Supports** | **Modifies** | **Supports** | **Supports** |
| **Billing** | | | | |
| Average Time to Provide Usage Records (¶89) | **Modifies** | **Modifies** | **Modifies** | **Modifies** |
| Average Time to Deliver Invoices (¶90) | **Modifies** | **Modifies** | **Modifies** | **Modifies** |
| **General Measurements** | | | | |
| Systems Availability | | **Supports** | **Supports** | **Supports** |
| Center Responsiveness | | **Supports** | **Supports** | **Opposes** |
| OS/DA Average Time to Answer (¶93) | **Opposes** | **Supports** | **Supports** | **Opposes** |
| **Interconnection Measurements** | | | | |
| Percent Blocking on Interconnection (Final) Trunks (¶96) | **Supports** | **Supports** | **Opposes** | **Supports** |
| Percent Blocking on Common Trunks (¶100) | **Supports** | **Opposes** | **Opposes** | **Supports** |
| Call Completion Rates | **Opposes** | **Opposes** | **Supports** | **Opposes** |
| Average Time to Respond to Collocation Requests (¶103) | **Supports** | **Supports** | **Supports** | **Opposes** |
| Average Time to Provide a Collocation (¶103) | **Supports** | **Supports** | **Supports** | **Supports** |
| % of Due Dates Missed – Collocation (¶103) | **Supports** | **Supports** | **Supports** | **Opposes** |

July 6, 1998

AT&T Reply

CC Docket 98-56

# CERTIFICATE OF SERVICE

I, Rena Martens, do hereby certify that on this 6th day of July, 1998, a copy of the foregoing "AT&T Reply" was served by U.S. first class mail, postage prepaid, to the parties shown on the attached Service List.

Rena Martens

Rena Martens

# Service List
## CC Docket No. 98-56, RM 9101

Robert W. McCausland
Allegiance Telecom, Inc.
1950 Stemmons Freeway, Suite 3026
Dallas, TX 75207-3118

Carolyn C. Hill
Alltel Communications Services, Inc.
655 15th Street, N.W., Suite 220
Washington, D.C. 20005

Jay T. Lenahan
Larry A. Peck
Ameritech Corporation
30 South Wacker Drive
Chicago, IL 60606

Theodore A. Livingston
John E. Muench
Christian F. Binnig
Demetrios G. Metropoulos
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, IL 60603
Attorneys for Ameritech Corporation

Richard J. Metzger
Emily M. Williams
Association for Local
Telecommunications Services
888 17th Street, N.W., Suite 900
Washington, D.C. 20036

Leslie A. Vial
Edward D. Young, III
Michael E. Glover
Bell Atlantic
1320 North Court House Road
8th Floor
Arlington, VA 22201

William B. Barfield
Jonathan Banks
BellSouth Corporation
Suite 1800
1155 Peachtree Street, N.E.
Atlanta, GA 30309-3610

Douglas E. Hart
Frost & Jacobs LLP
2500 PNC Center
201 East Fifth Street
Cincinnati, OH 45202
Attorney for Cincinnati Bell
Telephone Company

Genevieve Morelli
The Competitive
Telecommunications Association
1900 M Street, N.W.
Suite 800
Washington, D.C. 20036

Robert J. Aamoth
John J. Heitmann
Kelley Drye & Warren LLP
1200 19th Street, N.W., 5th Floor
Washington, D.C. 20036
Attorneys for The Competitive
Telecommunications Association

Peter F. Clark
Joanne M. Scanlon
John Citrolo
Conectiv Communications, Inc.
PO Box 231
Wilmington, DE 19899-0231

Peter Tannenwald
Elizabeth Sims Houlton
Irwin, Campbell & Tannenwald, P.C.
1730 Rhode Island Ave., N.W.
Suite 200
Washington, D.C. 20036-3101
Attorneys for Conectiv
Communications, Inc.

Janet S. Britton
East Ascension Telephone Co., Inc.
913 S. Burnside Avenue
Gonzales, LA 70737

Michael J. Shortley, III
Frontier Corporation
180 South Clinton Avenue
Rochester, NY 14646

Emily C. Hewitt
George N. Barclay
Michael J. Ettner
General Services Administration
1800 F Street, N.W., Room 4002
Washington, D.C. 20405

Snavely King Majoros O'Connor
& Lee, Inc.
1220 L Street, N.W., Suite 410
Washington, D.C. 20005
Economic Consultants to GSA

Russell M. Blau
Eric J. Branfman
Swidler & Berlin, Chtd.
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Attorneys for GST Telecom, Inc.

Gail L. Polivy
GTE Service Corporation
1850 M Street, N.W.
Suite 1200
Washington, D.C. 20036

John F. Raposa
GTE Service Corporation
600 Hidden Ridge, HQE035J7
Irving, TX 75038

Jeffrey S. Linder
Suzanne Yelen
Kenneth J. Krisko
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006
Attorneys for GTE Service Corporation

David W. Zesiger
Donn T. Wonnell
Independent Telephone &
Telecommunications Alliance
1300 Connecticut Avenue, N.W.
Suite 600
Washington, D.C. 20036

Russell M. Blau
Antony Richard Petrilla
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Attorneys for KMC Telecom Inc. and
RCN Telecom Services, Inc.

Anne K. Bingaman
Douglas W. Kinkoph
LCI International Telecom Corp.
8180 Greensboro Drive, #800
McLean, VA 22102

Amy G. Zirkle
Lisa R. Youngers
Lisa B. Smith
MCI Telecommunications Corporation
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Jerome L. Epstein
Jodie L. Kelley
Jenner & Block
601 Thirteenth Street, N.W.
Washington, D.C. 20005
Attorneys for MCI

Richard Karre
MediaOne
5613 DTC Parkway
Suite 700
Englewood, CO 80111

Bartlett F. Leber
Joseph S. Paykel
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
701 Pennsylvania Avenue, N.W.
Suite 900
Washington, D.C. 20004-2608

James R. Hobson
Donelan, Cleary, Wood & Maser P.C.
1100 New York Avenue, N.W., #750
Washington, D.C. 20005-3935
Attorney for National Emergency Number Association

Richard A. Askoff
Perry Goldschein
National Exchange Carrier Association, Inc.
100 South Jefferson Road
Whippany, NJ 07981

L. Marie Guillory
Pamela Sowar Fusting
National Telephone Cooperative Association
2626 Pennsylvania Avenue, N.W.
Washington, D.C. 20037

Rodney L. Joyce
J. Thomas Nolan
Shook, Hardy & Bacon
801 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2615
Attorneys for Network Access Solutions, Inc.

Lawrence G. Malone
Public Service Commission of the State of New York
Three Empire State Plaza
Albany, NY 12223-1350

Betty D. Montgomery
Steven T. Nourse
Public Utilities Commission of Ohio
180 E. Broad Street
Columbus, OH 43215

Robert M. Lynch
Durward D. Dupre
Michael J. Zpevak
William A. Brown
SBC Communications Inc.
One Bell Plaza, 30th Floor
PO Box 655521
Dallas, TX 75265-5521

Darrell Maynard
SouthEast Telephone
PO Box 1001
Pikeville, KY 41502

Leon M. Kestenbaum
Jay C. Keithley
H. Richard Juhnke
Sprint Corporation
1850 M Street, N.W., 11th Floor
Washington, D.C. 20036

Margot Smiley Humphrey
Julie A. Barrie
Koteen & Naftalin, L.L.P.
1150 Connecticut Avenue, N.W.
Suite 1000
Washington, D.C. 20036
Attorneys for TDS
Telecommunications Corporation

Charles C. Hunter
Catherine M. Hannan
Hunter Communications Law Group
1620 I Street, N.W., Suite 701
Washington, D.C. 20006
Attorneys for Telecommunications
Resellers Association

Teresa Marrero
J. Manning Lee
Teleport Communications Group Inc.
Two Teleport Drive
Staten Island, NY 10311

Pat Wood, III
Judy Walsh
Patricia A. Curran
Public Utility Commission of Texas
1701 N. Congress Avenue
PO Box 13326
Austin, TX 78711-3326

Lawrence E. Sarjeant
Linda Kent
Keith Townsend
United States Telephone Association
1401 H Street, N.W., Suite 600
Washington, D.C. 20005

Kathryn Marie Krause
Dan L. Poole
U S West Communications, Inc.
1020 19th Street, N.W., Suite 700
Washington, D.C. 20036

Catherine R. Sloan
Richard L. Fruchterman, III
Richard S. Whitt
WorldCom, Inc.
1120 Connecticut Ave., N.W.
Suite 400
Washington, D.C. 20036